

2009 DRAFTING REQUEST

Bill

Received: **01/26/2009**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Jim Sullivan (608) 266-2512**

By/Representing: **Nicole**

This file may be shown to any legislator: **NO**

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Local Gov't - tax incr financing**

Extra Copies: **EVM**

Submit via email: **YES**

Requester's email: **Sen.Sullivan@legis.wisconsin.gov**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Create a new category of tax incremental district; distressed TID

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			S&L
/1	mshovers 02/25/2009	wjackson 03/09/2009	jfrantze 03/09/2009	_____	lparisi 03/09/2009		S&L
/2	mshovers 04/23/2009	wjackson 05/01/2009	rschluet 05/01/2009	_____	cduerst 05/01/2009		S&L
/3	mshovers 05/21/2009	wjackson 05/26/2009	jfrantze 05/27/2009	_____	sbasford 05/27/2009		S&L

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/4	mshovers 08/05/2009	wjackson 08/17/2009	mduchek 08/17/2009	_____	cduerst 08/17/2009		S&L
/5	mshovers 08/20/2009	wjackson 08/20/2009	jfrantze 08/20/2009	_____	lparisi 08/20/2009	cduerst 09/14/2009	

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at
intro

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15 MES 8/20/09
FE Sent For: 15 WJ 8/20
JB 8/20
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Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

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8/17

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13 WJ 5/26
5/27
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1/2	mshovers	1/1 WJ 3/5	26	26/RS			
1/1 MES	2/25/09	319		319			

FE Sent For:

<END>

Shovers, Marc

From: Hudzinski, Nicole
Sent: Friday, January 23, 2009 10:19 AM
To: Shovers, Marc
Subject: TID draft

SUMMARY OF PROPOSAL FOR
RELIEF FOR DISTRESSED TIDs

- Proposal would create special statutory category of "distressed tax incremental districts " under Section 66.1105, Wis. Stats.
 - Limited to TIDs created by the local governing body before January 1, 2008.
 - TIDs must demonstrate a gap between TID revenues generated and the debt service on obligations issued to finance TID project costs.
 - Gap must be certified by Municipal Clerk.
- Extend maximum life of such TIDs to 40 years to allow additional time to amortize TID obligations (but without any extension of the expenditure period).
- Expand revenue-sharing/pooling opportunities for such TIDs.
 - Authorize donor TID to have a life which matches the recipient TID (but in no case longer than 40 years).
 - Authorize distressed TIDs which are industrial or mixed-use TIDs to be recipients of sharing/pooling amendments.
- Prohibit project plan amendments which would add to project costs of such TIDs.

Thanks Marc. Please let me know if you have questions,

Nicole Hudzinski
Senator Sullivan's Office



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-202671

MES...Y

Wlj

Handwritten signature/initials

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Soon

Handwritten signature/initials

- 1 AN ACT ...; relating to: authorizing the designation of a tax incremental district
- 2 as distressed and expanding the use of donor tax incremental districts.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Currently, towns also have a limited ability to create a TID under certain circumstances. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, approval of the city's or village's proposed TID by a joint review board (JRB) that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, (DOR) calculates the tax increment base value of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID. The costs of a TID, which

The Department of Revenue

are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended.

Under certain limited circumstances, a TID that has paid off all of its project costs but has not reached its mandatory termination date may become a donor TID, continue to receive tax increments, and forward those increments to ~~another~~ ^(recipient) TID created by the same city or village.

Under current law, a planning commission may adopt an amendment to a project plan, which requires the approval of the common council or village board and the same findings that current law requires for the creation of a TID. Current law also authorizes the amendment of a project plan up to four times during a TID's existence to change the district's boundaries by adding or subtracting territory.

This bill authorizes a city or village to designate a TID that was created before January 1, 2008, as a distressed TID if a number of steps occur. The city or village must certify that its outstanding debt obligations on the TID exceed the revenues the city or village expects the TID to generate during its lifetime, and the municipal clerk must certify the resolution and send a copy of the resolution to the overlying taxation districts. The municipal clerk must also send to DOR a copy of the resolution and the related financial data that the city or village used when it adopted its resolution.

Under the bill, a distressed TID may continue to exist and receive tax increments, as well as contributions from a donor TID, for up to 40 years after the distressed TID was created. A distressed TID may not incur any additional project costs, add territory, become a donor TID, make any expenditures after its original expenditure period ends, or expend funds outside of the TID's boundaries. A distressed TID must terminate whenever all of its project costs have been paid off or 40 years after ~~the date on which~~ it was created, whichever occurs first.

The bill authorizes a mixed-use or industrial TID that has been designated as distressed to receive tax increments from a donor TID. Currently, the recipient TID must be a blighted area or an area in need of rehabilitation, or the project costs in the recipient TID must be used to rehabilitate low-income housing or for environmental contamination remediation.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 66.1105 (4e) DISTRESSED TAX INCREMENTAL DISTRICTS. (a) Subject to the
2 limitations in this subsection, a city may designate a tax incremental district that
3 it created before January 1, 2008, as a distressed tax incremental district if all of the
4 following occur:

5 1. The local legislative body adopts a resolution certifying that its outstanding
6 debt obligations with regard to the tax incremental district exceed the amount of
7 revenues from all sources that the city expects the district to generate, to pay off such
8 debt, during ~~its lifetime~~ *the life of the district*

9 2. The clerk of the local legislative body certifies the resolution and forwards
10 a copy of the certified resolution and a copy of all of the financial data that the local
11 legislative body used in the certification process under subd. 1. to the department of
12 revenue.

13 (b) The clerk of the local legislative body shall send a copy of the resolution he
14 or she certifies to the overlying [✓]taxing jurisdictions.

15 (c) 1. Notwithstanding the time limits for the allocation of positive tax
16 increments under sub. (6) (a), [✓]the department of revenue may allocate positive
17 ^{tax} increments to a distressed tax incremental district for up to 40 years after the district
18 is created.

19 2. Notwithstanding the time limits for termination under sub. (7) (ak) to (at),
20 but subject to sub. (7) (a), [✓]a distressed district may remain in existence for up to 40
21 years after the district is created.

22 3. Notwithstanding the time limits and other provisions for termination under
23 sub. (7), [✓]a donor tax incremental district under sub. (6) (d), [✓](dm), [✓](e), [✓]and [✓](f) may
24 continue to share tax increments with a distressed district until the distressed
25 district terminates under sub. (7) (a), [✓](au), [✓]or [✓](b).

(d) A distressed tax incremental district may not do any of the following:

1. Incur any new project costs.

2. Become part of a district with overlapping boundaries under sub. (10).[↓]

3. Expend any funds outside of the tax incremental district's boundaries.

4. Add any territory to the district under sub. (4) (h) 2.[↓]

5. Become a donor district under sub. (6) (d), (dm), (e), or (f).

6. Make any expenditures after ^{its} ~~the~~ expenditure period, which relates to the district's expenditure period before its designation as a distressed district, expires.

SECTION 2. 66.1105 (6) (f) 2. c. of the statutes is created to read:

66.1105 (6) (f) 2. c. The recipient district is a mixed-use or industrial-use district that has been designated as a distressed district under sub. (4e).[↓]

SECTION 3. 66.1105 (7) (au)[↓] of the statutes is created to read:

66.1105 (7) (au) With regard to a distressed tax incremental district under sub. (4e),[↓] the time ~~period~~ ^{specified} in sub. (4e) (c) 2.

SECTION 4. Effective date.

(1) This act takes effect on October 1, 2009.

(END)

Herman, Peter

Subject:

Greg Hubbard
255-0566

Rebecca @ QGB

LRB 2026/1

The people of the state of Wisconsin, represented in senate and assembly, do enact as follow:

Section 1. 66.1105 (4e) of the statutes is created to read:

Should be
restructured -
new subd. 2. 13. along
with time well
of well
Sept

66.1105 (4e) DISTRESSED TAX INCREMENTAL DISTRICTS. (a) Subject to the limitations in this subsection, a city may designate a tax incremental district that it created before January 1, 2008, as a distressed tax incremental district if all of the following occur:

1. The local legislative body adopts a resolution certifying that the project costs incurred ~~its outstanding debt obligations~~ with regard to the tax incremental district exceed the amount of revenues from all sources that the city expects the district to generate, to pay off such project costs ~~debt~~, during the life of the district.

2. Adoption of the resolution ^{shall be} is preceded by a public hearing held by the local legislative body at which interested parties are afforded a reasonable opportunity to express their views on the designation as a distressed tax incremental district. Notice of the hearing shall be published as a class 2 notice, under ch. 985. Before publication, a copy of the notice shall be sent by 1st class mail to the chief executive officer or administrator of all local governmental entities having the power to levy taxes on property within the district and to the school board of any school district which includes property located within the proposed district. For a county with no chief executive officer or administrator, this notice shall be sent to the county board chairperson. → from 66.1105(4)(h) 1.

3. After adoption, a copy of the resolution is provided by the city to the joint review board, and the joint review board approves the designation as a distressed tax incremental district. The joint review board may approve or deny the designation, unless, along with the resolution, the city provides the board with an independent financial report supporting the finding contained in the resolution, in which case the board shall approve the designation. ^{see sub (7) (am) 1.}

42. The clerk of the local legislative body certifies the resolution and forwards a copy of the certified resolution and a copy of all of the financial data that the local legislative body used in the certification process under subd. 1. To the department of revenue. ^{2. why "fin report" what is it? why not "audit"?}

(b) The clerk of the local legislative body shall send a copy of the resolution he or she certifies to the overlying taxing jurisdictions. ^(assuming for up to 40 yrs.)

(c) 1. Notwithstanding the time limits for the allocation of positive tax increments under sub. (6) (a) (2) to (8), but subject to sub. 6(a)(1) the department of revenue shall ^{can use "shall" if TID terminates when proj. last paid under sub. (7)(a)} may allocate positive tax increments to a distressed tax incremental district for up to 40 years after the district is created.

2. Notwithstanding the time limits for termination under sub. (7) (ak) to (at), but subject to sub. (7) (a) and

about "for up to" means DOR must allocate incr. 40 yrs after district created & may not do it for 1st 30 yrs of life

change in subd. 2. par. (b) not a time limit applies - not needed - no need to add a separate to par. (b)

(b), a distressed district may remain in existence for up to 40 years after the district is created. *why?*

3. Notwithstanding the time limits and other provisions for termination under sub. (7), a donor tax incremental district under sub. (6) (d), (dm), (e), and (f) may remain in existence and continue to share tax increments with a distressed district until the earlier of:

- 1. 40 years after the donor district is created; or, *Not needed - the 40 yr. max is addressed in par. (am)*
- 2. The distressed district terminates under sub. (7) (a), (au), or (b).

(d) A distressed tax incremental district may not do any of the following:

- 1. Amend its project plan to add any new ~~incur any new~~ project costs. *2, Not needed*
- 2. Become part of a district with overlapping boundaries under sub. (10).
- 3. Expend any funds outside of the tax incremental district's boundaries.
- 4. Add any territory to the district under sub. (4) (h) 2.
- 5. Become a donor district under sub. (6) (d), (dm), (e), or (f).
- 6. Make any ~~expenditures~~ expenditure after its expenditure period, as determined prior to which relates to the district's expenditure period before its designation as a distressed district, expires. *Not needed*

Section 2. 66.1105 (6) (f) 2. C. of the statutes is created to read:

66.1105 (6) (f) 2. C. The recipient district is a mixed-use or industrial-use district that has been designated as a distressed district under sub. (4e).

Section 3. 66.1105 (7) (au) o the statutes is created to read:

66.1105 (7) (au) With regard to a distressed tax incremental district under sub. (4e), the time period specified in sub. (4e) (c) 2.

Section 4. ~~Effective date:~~

~~(1) This act takes effect on October 1, 2009.~~

2. this may be needed see 66.1105 (4) (am) 2.



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-2026/2

MES:wlj:jf

↑ stays

2 MR

2009 BILL

A - NOTE

~~S/DOR~~

in 4/23

Today if possible.

Wojcik

- 1 AN ACT *to create* 66.1105 (4e), 66.1105 (6) (f) 2. c. and 66.1105 (7) (au) of the
2 statutes; **relating to:** authorizing the designation of a tax incremental district
3 as distressed and expanding the use of donor tax incremental districts.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Currently, towns also have a limited ability to create a TID under certain circumstances. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, approval of the city's or village's proposed TID by a joint review board that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax incremental base" value of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the

BILL

value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended.

Under certain limited circumstances, a TID that has paid off all of its project costs but has not reached its mandatory termination date may become a donor TID, continue to receive tax increments, and forward those increments to a recipient TID created by the same city or village.

Under current law, a planning commission may adopt an amendment to a project plan, which requires the approval of the common council or village board and the same findings that current law requires for the creation of a TID. Current law also authorizes the amendment of a project plan up to four times during a TID's existence to change the district's boundaries by adding or subtracting territory.

This bill authorizes a city or village to designate a TID that was created before January 1, 2008, as a distressed TID if a number of steps occur. The city or village ~~must certify~~ that its ~~outstanding debt obligations~~ on the TID exceed the revenues the city or village expects the TID to generate during its lifetime, and the municipal clerk must certify the resolution and send a copy of the resolution to the overlying taxation districts. The municipal clerk must also send to DOR a copy of the resolution and the related financial data that the city or village used when it adopted its resolution.

Under the bill, a distressed TID may continue to exist and receive tax increments, as well as contributions from a donor TID, for up to 40 years after the distressed TID was created. A distressed TID may not ~~incur~~ any additional project costs, add territory, become a donor TID, make any expenditures after its original expenditure period ends, or expend funds outside of the TID's boundaries. A distressed TID must terminate whenever all of its project costs have been paid off or 40 years after it was created, whichever occurs first. ~~A donor TID must terminate upon~~

The bill authorizes a mixed-use or industrial TID that has been designated as distressed to receive tax increments from a donor TID. Currently, the recipient TID must be a blighted area or an area in need of rehabilitation, or the project costs in the recipient TID must be used to rehabilitate low-income housing or for environmental contamination remediation.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1

SECTION 1. 66.1105 (4e) of the statutes is created to read:

the earlier of the distressed TID's termination or 40 years after the donor TID is created.

must adopt a resolution finding

that it will recover its costs by tax increment sharing

and the joint review board

amend its project plan to add

project costs incurred

INSV ANU

BILL

1 66.1105 (4e) DISTRESSED TAX INCREMENTAL DISTRICTS. (a) Subject to the
2 limitations in this subsection, a city may designate a tax incremental district that
3 it created before January 1, 2008, as a distressed tax incremental district if all of the
4 following occur:

5 1. The local legislative body adopts a resolution ^{finding} certifying that its ^{outstanding}
6 ^{project costs incurred} ~~debt obligations~~ with regard to the tax incremental district exceed the amount of
7 revenues from all sources that the city expects the district to generate ^{on village} to pay off such
8 ^{project costs} ~~debt~~ during the life of the district ^{and that it plans to recoup its} outstanding project costs by tax increment
9 ^{sharing as described in paragraph 3.}

10 2. The clerk of the local legislative body certifies the resolution and forwards
11 a copy of the certified resolution and a copy of all of the financial data that the local
12 legislative body used in the ^{adoption} ~~certification~~ process under subd. 1. to the department of
13 revenues ^{and the joint review board}

14 (c) (b) The clerk of the local legislative body shall send a copy of the resolution he
15 or she certifies to the overlying taxing jurisdictions.

16 (d) (c) 1. Notwithstanding the time limits for the allocation of positive tax
17 increments under sub. (6) (a), ^{but subject to sub (b) (c) (a) 1(a)} the department of revenue ^{may} ~~may~~ allocate positive tax
18 increments to a distressed tax incremental district for up to 40 years after the district
19 is created.

20 2. Notwithstanding the time limits for termination under sub. (7) (ak) to (at),
21 ^{and (b)} but subject to sub. (7) (a), a distressed district may remain in existence for up to 40
22 years after the district is created.

23 3. Notwithstanding the time limits and other provisions for termination under
24 sub. (7), a donor tax incremental district under sub. (6) (d), (dm), (e), and (f) may
25 continue to share tax increments with a distressed district until the ^{earlier of} distressed
district terminates under sub. (7) (a), (au), or (b).

~~donor district is created~~

^{the following occurs} (b) Following its creation, the donor district has existed for ⁴⁰ ~~40~~ years.

BILL

① (1) A distressed tax incremental district may not do any of the following:

2 1. ~~Amend its project plan to add~~
~~Amend its project plan to add~~ any new project costs.

3 2. Become part of a district with overlapping boundaries under sub. (10).

4 3. Expend any funds outside of the tax incremental district's boundaries.

5 4. Add any territory to the district under sub. (4) (h) 2.

6 5. Become a donor district under sub. (6) (d), (dm), (e), or (f).

7 6. Make any expenditures after its expenditure period, ~~which relates to the~~ ^{as determined}

8 ~~(district's expenditure period)~~ before its designation as a distressed district ~~expires~~.

9 SECTION 2. 66.1105 (6) (f) 2. c. of the statutes is created to read:

10 66.1105 (6) (f) 2. c. The recipient district is a mixed-use or industrial-use
11 district that has been designated as a distressed district under sub. (4e).

12 SECTION 3. 66.1105 (7) (au) of the statutes is created to read:

13 66.1105 (7) (au) With regard to a distressed tax incremental district under sub.
14 (4e), the time period specified in sub. (4e) ⁽¹⁾ 2.

15 ~~SECTION 4. Effective date.~~

16 (1) This act takes effect on October 1, 2009.

17 (END)

D-NOTE

2009-2010 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2026/2ins
MES:wlj:jf

INS ANL

Before the city or village may adopt the resolution concerning its project costs, however, the common council must hold a public hearing at which interested parties may express their views on the proposed distressed TID. Notice of the hearing must be sent to the overlying taxation districts. Following receipt of the resolution and financial data, the joint review board must evaluate the information to determine whether designating the TID as distressed and increment sharing will enable the city or village to pay off its debt. The resolution adopted by the city or village may not take effect without joint review board approval of the designation. The board may approve or deny the designation, except that if the city or village provides the board with an independent financial report that supports the finding, the board must approve the designation.

INS 3-12

(b) 1. Adoption of a resolution under par. (a) 1. shall be preceded by a public hearing held by the common council at which interested parties shall be afforded a reasonable opportunity to express their views on the proposed designation of a distressed tax incremental district. Notice of the hearing shall be published as a class 2 notice under ch. 985. The notice shall include a statement of the purpose and cost of the amendment and shall advise that a copy of the amendment will be provided on request. Before publication, a copy of the notice shall be sent by 1st class mail to the chief executive officer or administrator of all local governmental entities having the power to levy taxes on property within the district and to the school board of any school district ^{that} ~~which~~ includes property located within the proposed district. For a county with no chief executive officer or administrator, this notice shall be sent to the county board chairperson.

2. Following receipt of the resolution and the financial data under par. (a) 2., the joint review board shall evaluate the resolution and data to determine whether the designation of the district as a distressed district and the sharing of tax

increments by a donor district with the distressed district ^{likely} to enable the city to pay off its debt related to the district within the time specified in par. (d) 2. The joint review board may approve or deny the designation and shall send a written copy of its findings to the common council, except that if the common council provides the joint review board with an independent financial report supporting the finding contained in the resolution, the joint review board shall approve the designation.

3. A resolution adopted under par. (a) 1. may not take effect unless the joint review board approves the designation under subd. 2.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2026/2dn

MES:wjff

Date

stop

Senator Sullivan:

Following a conversation I had with Greg Hubbard of Broydrick and Associates and an attorney from Quarles & Brady, I've prepared this /2 version of the draft. During the drafting process, however, a number of other things occurred to me, not all of which I've been able to address in this version of the bill.

Although the new instructions contain a public hearing process and evaluation by the joint review board, the /1 never explicitly stated that because the distressed TID can't pay off its debt, the city wants another TID in the city to share its increments. I've made this more explicit. Is this OK?

The draft states that the sharing of increments occurs under sub. (6) (d), (dm), (e), or (f), but all of those paragraphs are somewhat limited in terms of where the donor and donee TIDs are located. Are these cross-references sufficient? I believe that par. (d) applies only in Kenosha, and par. (dm) applies only to cities specified in sub. (6) (dm) 3. Paragraph (e) is more general, but still somewhat limited, and par. (f) is even more limited and is also inconsistent with sub. (4e) (b) 2. The /2 version of the bill does not require joint review board approval if a financial report is submitted, whereas s. 66.1105 (6) (f) 1. b. requires joint review board approval. How would you like to resolve this conflict?

MES

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2026/2dn
MES:wlj:rs

May 1, 2009

Senator Sullivan:

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Marc E. Shovers
Managing Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

Greg Hubbard Tom Larson

2 options - 1) extend life for 40 yrs

2) extend life, ± have a donor TIDp. 3, lines 9 & 10 - delete ^{l. 9,} from "and that it"
through end of line 10why?: NOT all distressed TIDs will have a donor
TIDp. 4, lines 2 & 3 delete ₄₂ "include" to "amendment"p. 4 l. 12: change "and" → "or"
l. 13: delete "enable" & sub. "enhance the
ability of"l. 14 change "payoff its debt" to "pay its
project costs".AM' 66.1105(6)(f) l. 6. -- make it
subject to Rule in (4e)(6) 2,



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-2026/2

MES:wlj:rs

stays

2mk

2009 BILL

SOON

reger

- 1 AN ACT *to create* 66.1105 (4e), 66.1105 (6) (f) 2. c. and 66.1105 (7) (au) of the
2 statutes; **relating to:** authorizing the designation of a tax incremental district
3 as distressed and expanding the use of donor tax incremental districts.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Currently, towns also have a limited ability to create a TID under certain circumstances. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, approval of the city's or village's proposed TID by a joint review board that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax incremental base" value of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the

BILL

value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended.

Under certain limited circumstances, a TID that has paid off all of its project costs but has not reached its mandatory termination date may become a donor TID, continue to receive tax increments, and forward those increments to a recipient TID created by the same city or village.

Under current law, a planning commission may adopt an amendment to a project plan, which requires the approval of the common council or village board and the same findings that current law requires for the creation of a TID. Current law also authorizes the amendment of a project plan up to four times during a TID's existence to change the district's boundaries by adding or subtracting territory.

This bill authorizes a city or village to designate a TID that was created before January 1, 2008, as a distressed TID if a number of steps occur. The city or village must adopt a resolution finding that its project costs incurred on the TID exceed the revenues the city or village expects the TID to generate during its lifetime ~~and that it will recoup its costs by tax increment sharing~~. The municipal clerk must certify the resolution and send a copy of the resolution to the overlying taxation districts. The municipal clerk must also send to DOR and the joint review board a copy of the resolution and the related financial data that the city or village used when it adopted its resolution.

Before the city or village may adopt the resolution concerning its project costs, the common council must hold a public hearing at which interested parties may express their views on the proposed distressed TID. Notice of the hearing must be sent to the overlying taxation districts. Following receipt of the resolution and financial data, the joint review board must evaluate the information to determine whether designating the TID as distressed ~~and~~ ^{or allowing} increment sharing will ~~enable the~~ city or village to pay ~~for~~ ^{its project costs} ~~its~~. The resolution adopted by the city or village may not take effect without joint review board approval of the designation. The board may approve or deny the designation, except that if the city or village provides the board with an independent financial report that supports the finding, the board must approve the designation.

Under the bill, a distressed TID may continue to exist and receive tax increments, as well as contributions from a donor TID, for up to 40 years after the distressed TID was created. A distressed TID may not amend its project plan to add any additional project costs, add territory, become a donor TID, make any expenditures after its original expenditure period ends, or expend funds outside of the TID's boundaries. A distressed TID must terminate whenever all of its project costs have been paid off or 40 years after it was created, whichever occurs first. A

likely enhance the ability of the

BILL

donor TID must terminate upon the earlier of the distressed TID's termination or 40 years after the donor TID is created

The bill authorizes a mixed-use or industrial TID that has been designated as distressed to receive tax increments from a donor TID. Currently, the recipient TID must be a blighted area or an area in need of rehabilitation, or the project costs in the recipient TID must be used to rehabilitate low-income housing or for environmental contamination remediation.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 66.1105 (4e) of the statutes is created to read:

2 **66.1105 (4e) DISTRESSED TAX INCREMENTAL DISTRICTS.** (a) Subject to the
3 limitations in this subsection, a city may designate a tax incremental district that
4 it created before January 1, 2008, as a distressed tax incremental district if all of the
5 following occur:

6 1. The local legislative body adopts a resolution finding that its project costs
7 incurred, with regard to the tax incremental district, exceed the amount of revenues
8 from all sources that the city expects the district to generate to pay off such project
9 costs during the life of the district, and that it plans to recoup its outstanding project
10 costs by tax increment sharing as described in par. (d) 3.

11 2. The clerk of the local legislative body certifies the resolution and forwards
12 a copy of the certified resolution and a copy of all of the financial data that the local
13 legislative body used in the adoption process under subd. 1. to the department of
14 revenue and the joint review board.

15 (b) 1. Adoption of a resolution under par. (a) 1. shall be preceded by a public
16 hearing held by the common council at which interested parties shall be afforded a
17 reasonable opportunity to express their views on the proposed designation of a

BILL

SECTION 1

1 distressed tax incremental district. Notice of the hearing shall be published as a
2 class 2 notice under ch. 985. The notice shall ~~include a statement of the purpose and~~
3 ~~cost of the amendment~~ ^{describe the resolution} and ~~shall~~ ^{advise} that a copy of the ~~amendment~~ ^{resolution} will be
4 provided on request. Before publication, a copy of the notice shall be sent by 1st class
5 mail to the chief executive officer or administrator of all local governmental entities
6 having the power to levy taxes on property within the district and to the school board
7 of any school district that includes property located within the proposed district. For
8 a county with no chief executive officer or administrator, this notice shall be sent to
9 the county board chairperson.

10 2. Following receipt of the resolution and the financial data under par. (a) 2.,
11 the joint review board shall evaluate the resolution and data to determine whether
12 the designation of the district as a distressed district ~~and~~ ^{or} the sharing of tax
13 increments by a donor district with the distressed district ~~are~~ ^{enhance the ability of} likely to ~~enable~~ ^{is} the city
14 to pay ~~its~~ ^{project costs} related to the district within the time specified in par. (d) 2. The
15 joint review board may approve or deny the designation and shall send a written copy
16 of its findings to the common council, except that if the common council provides the
17 joint review board with an independent financial report supporting the finding
18 contained in the resolution, the joint review board shall approve the designation.

19 3. A resolution adopted under par. (a) 1. may not take effect unless the joint
20 review board approves the designation under subd. 2.

21 (c) The clerk of the local legislative body shall send a copy of the resolution he
22 or she certifies to the overlying taxing jurisdictions.

23 (d) 1. Notwithstanding the time limits for the allocation of positive tax
24 increments under sub. (6) (a), but subject to sub. (6) (a) 1., ^{and notwithstanding the} the department of revenue

requirement under sub. (6) (a) 1., ^{and notwithstanding the}

BILL

1 shall allocate positive tax increments to a distressed tax incremental district for up
2 to 40 years after the district is created.

3 2. Notwithstanding the time limits for termination under sub. (7) (ak) to (at),
4 but subject to sub. (7) (a) and (b), a distressed district may remain in existence for
5 up to 40 years after the district is created.

6 3. Notwithstanding the time limits and other provisions for termination under
7 sub. (7), a donor tax incremental district under sub. (6) (d), (dm), (e), and (f) may
8 continue to share tax increments with a distressed district until the earlier of the
9 following occurs:

10 a. The distressed district terminates under sub. (7) (a), (au), or (b).

11 b. Following its creation, the donor district has existed for 40 years.

12 (e) A distressed tax incremental district may not do any of the following:

13 1. Amend its project plan to add any new project costs.

14 2. Become part of a district with overlapping boundaries under sub. (10).

15 3. Expend any funds outside of the tax incremental district's boundaries.

16 4. Add any territory to the district under sub. (4) (h) 2.

17 5. Become a donor district under sub. (6) (d), (dm), (e), or (f).

18 6. Make any expenditures after its expenditure period, as determined before
19 its designation as a distressed district expires.

20 **SECTION 2.** 66.1105 (6) (f) 2. c. of the statutes is created to read:

21 66.1105 (6) (f) 2. c. The recipient district is a mixed-use or industrial-use
22 district that has been designated as a distressed district under sub. (4e).

23 **SECTION 3.** 66.1105 (7) (au) of the statutes is created to read:

BILL

SECTION 3

1 66.1105 (7) (au) With regard to a distressed tax incremental district under sub.
2 (4e), the time period specified in sub. (4e) (d) 2.

3 (END)

Shovers, Marc

From: Hudzinski, Nicole
Sent: Tuesday, July 14, 2009 12:33 PM
To: Shovers, Marc
Subject: Revisions to LRB 2026

Attachments: LRB 2026_3.PDF



LRB 2026_3.PDF
(382 KB)

Marc, we'd like to make the attached changes to LRB 2026. The changes are handwritten in. Please let me know if you have questions.

Thanks,
Nicole

Shovers, Marc

From: Templeton, Carrie E - DOR [Carrie.Templeton@revenue.wi.gov]
Sent: Wednesday, August 05, 2009 2:26 PM
To: Hudzinski, Nicole; Shovers, Marc
Cc: Gates-Hendrix, Sherrie L - DOR
Subject: RE: LRB 2026- Distressed TIDS

Hi Nicole—

Sherrie Gates-Hendrix, DOR's legislative liaison, will be in touch with Marc to discuss the changes to the draft. Thanks for incorporating our suggested changes.

FYI—my last day at DOR is Friday. I'm going to be the EA at Corrections starting on Monday. So, please be in touch with Sherrie on this bill draft for at least the next few weeks as DOR has a transition time between EAs.

Thanks
Carrie

Carrie Templeton
Wisconsin Department of Revenue
(608) 266-6466
carrie.templeton@revenue.wi.gov

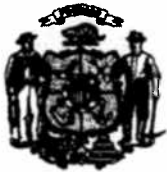
From: Hudzinski, Nicole [mailto:Nicole.Hudzinski@legis.wisconsin.gov]
Sent: Tuesday, August 04, 2009 12:04 PM
To: Templeton, Carrie E - DOR; Shovers, Marc - LEGIS
Subject: LRB 2026- Distressed TIDS
Importance: High

Carrie—

Marc Shovers is our drafter on the distressed TID bill (LRB 2026) and he has some questions about the latest changes requested, which I believe are all changes Revenue asked for. Instead of me being in the middle of conversations, I asked Marc to call you directly. Is you direct number 608-266-6466?

Hope all is well with you,
Nicole

CONFIDENTIALITY NOTICE: This electronic mail transmission and any accompanying documents contain information belonging to the sender which may be confidential and legally privileged. This information is only for the use of the individual or entity to whom this electronic mail transmission was intended. If you are not the intended recipient, any disclosure, copying, distribution, or action taken in reliance on the contents of the information contained in this transmission is strictly prohibited. If you have received this transmission in error, please immediately contact the sender and delete the message. Thank you.



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-2026/3
MES:wlj:jf

2009 BILL

- 1 **AN ACT** *to create* 66.1105 (4e), 66.1105 (6) (f) 2. c. and 66.1105 (7) (au) of the
2 statutes; **relating to:** authorizing the designation of a tax incremental district
3 as distressed and expanding the use of donor tax incremental districts.

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Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Currently, towns also have a limited ability to create a TID under certain circumstances. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, approval of the city's or village's proposed TID by a joint review board that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax incremental base" value of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the

BILL

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Under certain limited circumstances, a TID that has paid off all of its project costs but has not reached its mandatory termination date may become a donor TID, continue to receive tax increments, and forward those increments to a recipient TID created by the same city or village.

Under current law, a planning commission may adopt an amendment to a project plan, which requires the approval of the common council or village board and the same findings that current law requires for the creation of a TID. Current law also authorizes the amendment of a project plan up to four times during a TID's existence to change the district's boundaries by adding or subtracting territory.

This bill authorizes a city or village to designate a TID that was created before January 1, 2008, as a distressed TID if a number of steps occur. The city or village must adopt a resolution finding that its project costs incurred on the TID exceed the revenues the city or village expects the TID to generate during its lifetime. The municipal clerk must certify the resolution and send a copy of the resolution to the overlying taxation districts. The municipal clerk must also send to DOR and the joint review board a copy of the resolution and the related financial data that the city or village used when it adopted its resolution.

Before the city or village may adopt the resolution concerning its project costs, the common council must hold a public hearing at which interested parties may express their views on the proposed distressed TID. Notice of the hearing must be sent to the overlying taxation districts. Following receipt of the resolution and financial data, the joint review board must evaluate the information to determine whether designating the TID as distressed or allowing increment sharing will likely enhance the ability of the city or village to pay its project costs. The resolution adopted by the city or village may not take effect without joint review board approval of the designation. The board may approve or deny the designation, except that if the city or village provides the board with an independent financial report that supports the finding, the board must approve the designation.

Under the bill, a distressed TID may continue to exist and receive tax increments, as well as contributions from a donor TID, for up to 40 years after the distressed TID was created. A distressed TID may not amend its project plan to add any additional project costs, add territory, become a donor TID, make any expenditures after its original expenditure period ends, or expend funds outside of the TID's boundaries. A distressed TID must terminate whenever all of its project costs have been paid off or 40 years after it was created, whichever occurs first. A

BILL

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For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 66.1105 (4e) of the statutes is created to read:

2 66.1105 (4e) DISTRESSED TAX INCREMENTAL DISTRICTS. (a) Subject to the
3 limitations in this subsection, a city may designate a tax incremental district that
4 it created before ^{October 1,} ~~January 1,~~ 2008, as a distressed tax incremental district if all of the
5 following occur:

6 1. The local legislative body adopts a resolution finding that its project costs
7 incurred, with regard to the tax incremental district, exceed the amount of revenues
8 from all sources that the city expects the district to generate to pay off such project
9 costs during the life of the district.

10 2. The clerk of the local legislative body certifies the resolution and forwards
11 a copy of the certified resolution and a copy of all of the financial data that the local
12 legislative body used in the adoption process under subd. 1. to the department of
13 revenue and the joint review board.

14 (b) 1. Adoption of a resolution under par. (a) 1. shall be preceded by a public
15 hearing held by the common council at which interested parties shall be afforded a
16 reasonable opportunity to express their views on the proposed designation of a
17 distressed tax incremental district. Notice of the hearing shall be published as a

BILL

class 2 notice under ch. 985. The notice shall describe the resolution and shall advise that a copy of the resolution will be provided on request. Before publication, a copy of the notice shall be sent by 1st class mail to the chief executive officer or administrator of all local governmental entities having the power to levy taxes on property within the district and to the school board of any school district that includes property located within the proposed district. For a county with no chief executive officer or administrator, this notice shall be sent to the county board chairperson.

2. Following receipt of the resolution and the financial data under par. (a) 2., the joint review board shall evaluate the resolution and data to determine whether the designation of the district as a distressed district or the sharing of tax increments by a donor district with the distressed district is likely to enhance the ability of the city to pay its project costs related to the district within the time specified in par. (d)

2. The joint review board may approve or deny the designation and shall send a written copy of its findings to the common council, except that if the common council provides the joint review board with an independent financial report supporting the finding contained in the resolution, the joint review board shall approve the designation.

Prior to any sharing of tax increments by a ~~donor~~ donor district, the donor district shall have amended its project plan pursuant to 66.1105(6)(e) or (f) to provide for such sharing.

3. A resolution adopted under par. (a) 1. may not take effect unless the joint review board ~~approves~~ ^{passes a resolution approving} the designation under subd. 2.

~~(c) The clerk of the local legislative body shall send a copy of the resolution to the clerk of the local legislative body or she certifies to the overlying taxing jurisdictions.~~

(d) 1. Notwithstanding the time limits for the allocation of positive tax increments under sub. (6) (a), but subject to sub. (6) (a) 1., and notwithstanding the requirement under sub. (6) (f) 1. b., the department of revenue shall allocate positive

(c) The clerk of the local legislative body shall submit the required documentation, as prescribed by the Department of Revenue under (5) (b) to the department on or before December 31 of the year the tax incremental District is designated distressed.

BILL

1 tax increments to a distressed tax incremental district for up to 40 years after the
2 district is created.

3 2. Notwithstanding the time limits for termination under sub. (7) (ak) to (at),
4 but subject to sub. (7) (a) and (b), a distressed district may remain in existence for
5 up to 40 years after the district is created.

6 3. Notwithstanding the time limits and other provisions for termination under
7 sub. (7), a donor tax incremental district under sub. (6) (d), (dm), (e), and (f) may
8 continue to share tax increments with a distressed district until the earlier of the
9 following occurs:

10 a. The distressed district terminates under sub. (7) (a), (au), or (b).

11 b. Following its creation, the donor district has existed for 40 years.

12 (e) A distressed tax incremental district may not do any of the following:

13 1. Amend its project plan to add any new project costs.

14 2. Become part of a district with overlapping boundaries under sub. (10).

15 3. Expend any funds outside of the tax incremental district's boundaries, *under*
16 4. Add any territory to the district under sub. (4) (h) 2. *2(f)(1)m.* (2)

17 5. Become a donor district under sub. (6) (d), (dm), (e), or (f).

18 6. Make any expenditures after its expenditure period, as determined before
19 its designation as a distressed district expires. *(Add New Section below...)*

20 SECTION 2. 66.1105 (6) (f) 2. c. of the statutes is created to read:

21 66.1105 (6) (f) 2. c. The recipient district is a mixed-use or industrial-use
22 district that has been designated as a distressed district under sub. (4e).

23 SECTION 3. 66.1105 (7) (au) of the statutes is created to read:

NOTE
Add: *(4(e)3)* The department of revenue may charge
the municipality \$500 and send a written
copy of the certification of the distressed
tax incremental district status to the local
legislative body and overlying taxing jurisdictions.

BILL

1 66.1105 (7) (au) With regard to a distressed tax incremental district under sub.

2 (4e), the time period specified in sub. (4e) (d) 2.

3 (END)

Add:

~~Effective~~ Date of October 1, 2009

Arch.

20.566(1)(30) Administration of ^{Distressed} Tax Incremental District Program... (reference that money received from fee imposed under 66.1105(4e)3 pays for the costs to the Department to administer the Distressed TID section.)

Why Crick

to 70.566

Sherrice says
don't create
a new approach -
put the \$



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-2026/34
MES:wlj:jf

stays → FMR

2009 BILL

Today
please

D-NOTE ↓

replen

- 1 AN ACT *to create* 66.1105 (4e), 66.1105 (6) (f) 2. c. and 66.1105 (7) (au) of the
2 statutes; **relating to:** authorizing the designation of a tax incremental district
3 as distressed and expanding the use of donor tax incremental districts.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Currently, towns also have a limited ability to create a TID under certain circumstances. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, approval of the city's or village's proposed TID by a joint review board that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax incremental base" value of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the

BILL

value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended.

Under certain limited circumstances, a TID that has paid off all of its project costs but has not reached its mandatory termination date may become a donor TID, continue to receive tax increments, and forward those increments to a recipient TID created by the same city or village.

Under current law, a planning commission may adopt an amendment to a project plan, which requires the approval of the common council or village board and the same findings that current law requires for the creation of a TID. Current law also authorizes the amendment of a project plan up to four times during a TID's existence to change the district's boundaries by adding or subtracting territory.

This bill authorizes a city or village to designate a TID that was created before ~~January~~ ^{October} 1, 2008, as a distressed TID if a number of steps occur. The city or village must adopt a resolution finding that its project costs incurred on the TID exceed the revenues the city or village expects the TID to generate during its lifetime. The municipal clerk must certify the resolution and send a copy of the resolution to the overlying taxation districts. The municipal clerk must also send to DOR and the joint review board a copy of the resolution and the related financial data that the city or village used when it adopted its resolution.

Before the city or village may adopt the resolution concerning its project costs, the common council must hold a public hearing at which interested parties may express their views on the proposed distressed TID. Notice of the hearing must be sent to the overlying taxation districts. Following receipt of the resolution and financial data, the joint review board must evaluate the information to determine whether designating the TID as distressed or allowing increment sharing will likely enhance the ability of the city or village to pay its project costs. The resolution adopted by the city or village may not take effect without joint review board approval of the designation. The board may approve or deny the designation, except that if the city or village provides the board with an independent financial report that supports the finding, the board must approve the designation.

Under the bill, a distressed TID may continue to exist and receive tax increments, as well as contributions from a donor TID, for up to 40 years after the distressed TID was created. A distressed TID may not amend its project plan to add any additional project costs, add territory, become a donor TID, make any expenditures after its original expenditure period ends, or expend funds outside of the TID's boundaries. A distressed TID must terminate whenever all of its project costs have been paid off or 40 years after it was created, whichever occurs first. A

If the joint review board approves the designation, DOR must certify the designation and notify all overlying taxing jurisdictions of the certification. DOR may impose a \$500 fee on a city or village to administer the city or village's TID that is so designated.

(No) If DOR prescribes any forms that the municipal clerk must complete as part of the distressed TID designation, the clerk shall complete and submit the forms to DOR.

BILL

donor TID must terminate upon the earlier of the distressed TID's termination or 40 years after the donor TID is created

The bill authorizes a mixed-use or industrial TID that has been designated as distressed to receive tax increments from a donor TID. Currently, the recipient TID must be a blighted area or an area in need of rehabilitation, or the project costs in the recipient TID must be used to rehabilitate low-income housing or for environmental contamination remediation.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 66.1105 (4e) of the statutes is created to read:

66.1105 (4e) DISTRESSED TAX INCREMENTAL DISTRICTS. (a) Subject to the limitations in this subsection, a city may designate a tax incremental district that it created before ~~January~~^{October} 1, 2008, as a distressed tax incremental district if all of the following occur:

1. The local legislative body adopts a resolution finding that its project costs incurred, with regard to the tax incremental district, exceed the amount of revenues from all sources that the city expects the district to generate to pay off such project costs during the life of the district.

2. The clerk of the local legislative body certifies the resolution and forwards a copy of the certified resolution and a copy of all of the financial data that the local legislative body used in the adoption process under subd. 1. to the department of revenue and the joint review board.

(b) 1. Adoption of a resolution under par. (a) 1. shall be preceded by a public hearing held by the common council at which interested parties shall be afforded a reasonable opportunity to express their views on the proposed designation of a distressed tax incremental district. Notice of the hearing shall be published as a

BILL**SECTION 1**

1 class 2 notice under ch. 985. The notice shall describe the resolution and shall advise
 2 that a copy of the resolution will be provided on request. Before publication, a copy
 3 of the notice shall be sent by 1st class mail to the chief executive officer or
 4 administrator of all local governmental entities having the power to levy taxes on
 5 property within the district and to the school board of any school district that
 6 includes property located within the proposed district. For a county with no chief
 7 executive officer or administrator, this notice shall be sent to the county board
 8 chairperson.

9 2. Following receipt of the resolution and the financial data under par. (a) 2.,
 10 the joint review board shall evaluate the resolution and data to determine whether
 11 the designation of the district as a distressed district or the sharing of tax increments
 12 by a donor district with the distressed district is likely to enhance the ability of the
 13 city to pay its project costs related to the district within the time specified in par. (d)
 14 2. The joint review board may approve or deny the designation and shall send a
 15 written copy of its findings to the common council, except that if the common council
 16 provides the joint review board with an independent financial report supporting the
 17 finding contained in the resolution, the joint review board shall approve the
 18 designation.

19 3. A resolution adopted under par. (a) 1. may not take effect unless the joint
 20 review board approves ^{by resolution} the designation under subd. 2.

21 (c) ^{I f} The clerk ^{of the local legislative body} shall ~~send a copy of the resolution to the~~
 22 ~~or she certifies to the overlying taxing jurisdictions~~ ^{the department}

23 (d) 1. Notwithstanding the time limits for the allocation of positive tax ^{of revenue prescribes any forms}
 24 increments under sub. (6) (a), but subject to sub. (6) (a) 1., and notwithstanding the
 25 requirement under sub. (6) (f) 1. b., the department of revenue shall allocate positive

submit the forms to the department on or before ^{December 31} of the year the district is designated as distressed
 that the city clerk must complete as part of the designation of a distressed tax increments district ^{the forms shall be submitted to the}

BILL

1 tax increments to a distressed tax incremental district for up to 40 years after the
2 district is created.

3 2. Notwithstanding the time limits for termination under sub. (7) (ak) to (at),
4 but subject to sub. (7) (a) and (b), a distressed district may remain in existence for
5 up to 40 years after the district is created.

6 3. Notwithstanding the time limits and other provisions for termination under
7 sub. (7), a donor tax incremental district under sub. (6) (d), (dm), (e), and (f) may
8 continue to share tax increments with a distressed district until the earlier of the
9 following occurs:

10 a. The distressed district terminates under sub. (7) (a), (au), or (b).

11 b. Following its creation, the donor district has existed for 40 years.

12 (e) A distressed tax incremental district may not do any of the following:

13 1. Amend its project plan to add any new project costs.

14 2. Become part of a district with overlapping boundaries under sub. (10).

15 3. Expend any funds outside of the tax incremental district's boundaries.

16 4. Add any territory to the district under sub. (4) (h) 2.

17 5. Become a donor district under sub. (6) (d), (dm), (e), or (f).

18 6. Make any expenditures after its expenditure period, as determined before

its designation as a distressed district expires.

SECTION 2. 66.1105 (6) (f) 2. c. of the statutes is created to read:

21 66.1105 (6) (f) 2. c. The recipient district is a mixed-use or industrial-use
22 district that has been designated as a distressed district under sub. (4e).

SECTION 3. 66.1105 (7) (au) of the statutes is created to read:

INSERT
5-19-20

BILL

SECTION 3

1 66.1105 (7) (au) With regard to a distressed tax incremental district under sub.

2 (4e), the time period specified in sub. (4e) (d) 2.

INSERT
36-2

(END)

2009-2010 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2026/4ins
MES:wlj:jf

(score)
(4e) (f) ^

① and (6) (ae) and
66.1106(7) (am) and
(13) (b)

INSERT 3-1

SECTION ~~20.566~~ 20.566 (2) (hm) of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

20.566 (2) (hm) *Administration of tax incremental financing program* All (I) and environmental remediation tax incremental, and (6) (am) ~~and~~ moneys received from the fees imposed under ss. 60.85 (5) (a) ~~and~~ 66.1105 (5) (a) to pay the costs of the department of revenue in providing staff and administrative services associated with tax incremental districts under ss. 60.85, ~~and~~ 66.1105.

History: 1971 c. 108 ss. 2, 3, 6; 1971 c. 125 ss. 164, 173, 174, 175, 176; 1971 c. 211, 215; 1973 c. 90; 1975 c. 39 ss. 201, 732 (1); 1977 c. 29, 31, 418; 1979 c. 34 ss. 610m to 617, 2102 (46) (c); 1979 c. 63 ss. 3, 6; 1979 c. 177, 221; 1981 c. 20; 1981 c. 86 ss. 7, 71; 1981 c. 328 s. 4; 1983 a. 27 ss. 469 to 477; 1983 a. 368; 1983 a. 410 s. 2202 (38); 1985 a. 29 ss. 536 to 537r, 3202 (39) (a), (46) (c), (i); 1985 a. 41, 120; 1987 a. 27 ss. 444 to 458, 3200 (47); 1987 a. 92; 1987 a. 312 s. 17; 1987 a. 399; 1989 a. 31, 335; 1991 a. 39, 259, 269; 1993 a. 16, 205, 263, 490; 1995 a. 27 ss. 546h to 546t, 1111mm to 1119r; 1995 a. 56, 227, 351; 1997 a. 27, 35, 41, 63, 148, 237, 252; 1999 a. 5, 9; 1999 a. 150 s. 672; 1999 a. 167; 2001 a. 16; 2001 a. 30 s. 108; 2001 a. 109; 2003 a. 33, 127, 139, 176, 231; 2005 a. 25, 71, 323, 460; 2007 a. 4, 20, 85, 96; 2009 a. 2; s. 13.92 (1) (bm) 2.

INSERT 5-19

(f) (e) If the joint review board approves a designation under par. (b) 3., the department of revenue shall certify the district as a distressed tax incremental district and shall send a copy of the certification to the city and to all overlying taxation jurisdictions. The department may impose a fee of \$500 on a city for each district in the city that is so designated, for the additional costs incurred by the department in administering such a district.

INSERT 6-2

SECTION ~~20.566~~ Effective date.

(1) This act takes effect on October 1, 2009.

^ and 66.1106^ and to reimburse a municipality for costs incurred by the municipality related to the department's administrative of the tax incremental financing program

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2026/4dn

MES:wlj:W

Date

Senator Sullivan:

* The marked up instructions I received included language to be added to created s. 66.1105 (4e) (b) 2. stating that before a donor district may share a tax increment, the donor district must amend its project plan under s. 66.1105 (6) (e) or (f). I did not execute this instruction because under current law, before a prospective donor district may share its tax increments under s. 66.1105 (6) (d), (dm), (e), or (f), it must amend its project plan. Therefore, the requested change part of current law and is unnecessary.

The instructions also wanted the phrase "under sub. (2) (f) 1. m." to be added to created s. 66.1105 (4e) (e) 3. I'm not sure what this requested language means. If you want to make sure that a distressed TID may not expend any funds outside its boundaries, I would not add this language. If you want to make sure that a distressed TID may expend funds up to 1/2 mile outside of its boundaries, as is allowed by s. 66.1105 (2) (f) 1. m., I could add some additional language to s. 66.1105 (4e) 3. to make this clear. For now, I have not added this phrase because I'm not sure what your intent is. (e)

one-half

Marc E. Shovers
Managing Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2026/4dn
MES:wlj:md

August 17, 2009

Senator Sullivan:

The marked-up instructions I received included language to be added to created s. 66.1105 (4e) (b) 2. stating that before a donor district may share a tax increment, the donor district must amend its project plan under s. 66.1105 (6) (e) or (f). I did not execute this instruction because under current law, before a prospective donor district may share its tax increments under s. 66.1105 (6) (d), (dm), (e), or (f), it must amend its project plan. Therefore, the requested change is part of current law and is unnecessary.

The instructions also wanted the phrase “, under sub. (2) (f) 1. m.” to be added to created s. 66.1105 (4e) (e) 3. I’m not sure what this requested language means. If you want to make sure that a distressed TID may not expend any funds outside its boundaries, I would not add this language. If you want to make sure that a distressed TID may expend funds up to one-half mile outside of its boundaries, as is allowed by s. 66.1105 (2) (f) 1. m., I could add some additional language to s. 66.1105 (4e) (e) 3. to make this clear. For now, I have not added this phrase because I’m not sure what your intent is.

Marc E. Shovers
Managing Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov

Shovers, Marc

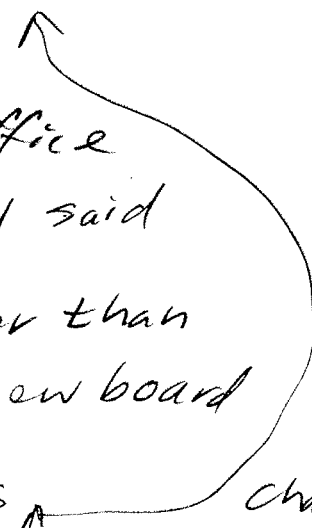
From: Hudzinski, Nicole
Sent: Tuesday, August 18, 2009 6:10 PM
To: 'Greg Hubbard'; Shovers, Marc
Subject: LRB 2026, Distressed TIDs

I am in Milwaukee all day tomorrow.

Greg, in the interest of time, please send your answer to Marc's drafting question to Marc and to me.

Marc, please begin drafting according to Greg's answer, and please also revise so that joint review board approval is required, even if independent financial data is provided.

Thanks,
Nicole

8/20 Steven from Sen. Sullivan's office called about the D-NOTE and said the draft is fine as is, other than the change to the joint review board language -- only make this  change

re: D-NOTE:

- 1) don't add redundant language
- 2) don't allow TID to expend funds beyond its borders

Shovers, Marc

From: Greg Hubbard [ghubbard@broydrick.com]
Sent: Thursday, August 20, 2009 11:38 AM
To: Hudzinski, Nicole; Shovers, Marc; Kulig, Steven
Subject: Re: LRB 2026, Distressed TIDs

Marc, Nicole and Steve,

After discussing with the others, your point that including the additional language to 66.1105 (4e) (b) 2 is unnecessary. Also, we believe that the intent was to insure that distressed TIDs not spend dollars outside the boundaries, so NOT including the "under sub. (2) (f) 1 m", as language is correct.

Greg

On 8/18/09 6:10 PM, "Hudzinski, Nicole" <Nicole.Hudzinski@legis.wisconsin.gov> wrote:

I am in Milwaukee all day tomorrow.

Greg, in the interest of time, please send your answer to Marc's drafting question to Marc and to me.

Marc, please begin drafting according to Greg's answer, and please also revise so that joint review board approval is required, even if independent financial data is provided.

Thanks,

Nicole

Greg Hubbard
Government Affairs Advisor
Broydrick & Associates
44 East Mifflin Street
Madison, WI 53703
608-255-0566 (phone)
608-255-4612 (fax)



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-2026/4

MES:wlj:md

stays

RMR

2009 BILL

WANTED!
Today

[Handwritten signature]

1 AN ACT *to amend* 20.566 (2) (hm); and *to create* 66.1105 (4e), 66.1105 (6) (f) 2.
2 c. and 66.1105 (7) (au) of the statutes; **relating to:** authorizing the designation
3 of a tax incremental district as distressed and expanding the use of donor tax
4 incremental districts.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Currently, towns also have a limited ability to create a TID under certain circumstances. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, approval of the city's or village's proposed TID by a joint review board that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax incremental base" value of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the

BILL

base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended.

Under certain limited circumstances, a TID that has paid off all of its project costs but has not reached its mandatory termination date may become a donor TID, continue to receive tax increments, and forward those increments to a recipient TID created by the same city or village.

Under current law, a planning commission may adopt an amendment to a project plan, which requires the approval of the common council or village board and the same findings that current law requires for the creation of a TID. Current law also authorizes the amendment of a project plan up to four times during a TID's existence to change the district's boundaries by adding or subtracting territory.

This bill authorizes a city or village to designate a TID that was created before October 1, 2008, as a distressed TID if a number of steps occur. The city or village must adopt a resolution finding that its project costs incurred on the TID exceed the revenues the city or village expects the TID to generate during its lifetime. If DOR prescribes any forms that the municipal clerk must complete as part of the distressed TID designation, the clerk shall complete and submit the forms to DOR. The municipal clerk must also send to DOR and the joint review board a copy of the resolution and the related financial data that the city or village used when it adopted its resolution.

Before the city or village may adopt the resolution concerning its project costs, the common council must hold a public hearing at which interested parties may express their views on the proposed distressed TID. Notice of the hearing must be sent to the overlying taxation districts. Following receipt of the resolution and financial data, the joint review board must evaluate the information to determine whether designating the TID as distressed or allowing increment sharing will likely enhance the ability of the city or village to pay its project costs. The resolution adopted by the city or village may not take effect without joint review board approval of the designation. The board may approve or deny the designation, except that if the city or village provides the board with an independent financial report that supports the finding, the board must approve the designation.

If the joint review board approves the designation, DOR must certify the designation and notify all overlying taxing jurisdictions of the certification. DOR may impose a \$500 fee on a city or village to administer the city's or village's TID that is so designated.

Under the bill, a distressed TID may continue to exist and receive tax increments, as well as contributions from a donor TID, for up to 40 years after the

BILL

distressed TID was created. A distressed TID may not amend its project plan to add any additional project costs, add territory, become a donor TID, make any expenditures after its original expenditure period ends, or expend funds outside of the TID's boundaries. A distressed TID must terminate whenever all of its project costs have been paid off or 40 years after it was created, whichever occurs first. A donor TID must terminate upon the earlier of the distressed TID's termination or 40 years after the donor TID is created

The bill authorizes a mixed-use or industrial TID that has been designated as distressed to receive tax increments from a donor TID. Currently, the recipient TID must be a blighted area or an area in need of rehabilitation, or the project costs in the recipient TID must be used to rehabilitate low-income housing or for environmental contamination remediation.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.566 (2) (hm) of the statutes, as affected by 2009 Wisconsin Act
2 28, is amended to read:

3 20.566 (2) (hm) *Administration of tax incremental, and environmental*
4 *remediation tax incremental, financing programs.* All moneys received from the fees
5 imposed under ss. 60.85 (5) (a) and (6) (am), 66.1105 (4e) (f), (5) (a), and (6) (ae), and
6 66.1106 (7) (am) and (13) (b) to pay the costs of the department of revenue in
7 providing staff and administrative services associated with tax incremental districts
8 under ss. 60.85, 66.1105, and 66.1106, and to reimburse a municipality for costs
9 incurred by the municipality related to the department's administration of the tax
10 incremental financing program.

11 **SECTION 2.** 66.1105 (4e) of the statutes is created to read:

12 66.1105 (4e) **DISTRESSED TAX INCREMENTAL DISTRICTS.** (a) Subject to the
13 limitations in this subsection, a city may designate a tax incremental district that

BILL**SECTION 2**

1 it created before October 1, 2008, as a distressed tax incremental district if all of the
2 following occur:

3 1. The local legislative body adopts a resolution finding that its project costs
4 incurred, with regard to the tax incremental district, exceed the amount of revenues
5 from all sources that the city expects the district to generate to pay off such project
6 costs during the life of the district.

7 2. The clerk of the local legislative body certifies the resolution and forwards
8 a copy of the certified resolution and a copy of all of the financial data that the local
9 legislative body used in the adoption process under subd. 1. to the department of
10 revenue and the joint review board.

11 (b) 1. Adoption of a resolution under par. (a) 1. shall be preceded by a public
12 hearing held by the common council at which interested parties shall be afforded a
13 reasonable opportunity to express their views on the proposed designation of a
14 distressed tax incremental district. Notice of the hearing shall be published as a
15 class 2 notice under ch. 985. The notice shall describe the resolution and shall advise
16 that a copy of the resolution will be provided on request. Before publication, a copy
17 of the notice shall be sent by 1st class mail to the chief executive officer or
18 administrator of all local governmental entities having the power to levy taxes on
19 property within the district and to the school board of any school district that
20 includes property located within the proposed district. For a county with no chief
21 executive officer or administrator, this notice shall be sent to the county board
22 chairperson.

23 2. Following receipt of the resolution and the financial data under par. (a) 2.,
24 the joint review board shall evaluate the resolution and data to determine whether
25 the designation of the district as a distressed district or the sharing of tax increments

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1 by a donor district with the distressed district is likely to enhance the ability of the
2 city to pay its project costs related to the district within the time specified in par. (d)

3 2. The joint review board may approve or deny the designation and shall send a
4 written copy of its findings to the common council, except that if the common council
5 provides the joint review board with an independent financial report supporting the
6 finding contained in the resolution, the joint review board shall approve the
7 designation.

8 3. A resolution adopted under par. (a) 1. may not take effect unless the joint
9 review board approves, by resolution, the designation under subd. 2.

10 (c) If the department of revenue prescribes any forms that the city clerk must
11 complete as part of the designation of a distressed tax incremental district, the clerk
12 shall submit the forms to the department on or before December 31 of the year the
13 district is designated as distressed.

14 (d) 1. Notwithstanding the time limits for the allocation of positive tax
15 increments under sub. (6) (a), but subject to sub. (6) (a) 1., and notwithstanding the
16 requirement under sub. (6) (f) 1. b., the department of revenue shall allocate positive
17 tax increments to a distressed tax incremental district for up to 40 years after the
18 district is created.

19 2. Notwithstanding the time limits for termination under sub. (7) (ak) to (at),
20 but subject to sub. (7) (a) and (b), a distressed district may remain in existence for
21 up to 40 years after the district is created.

22 3. Notwithstanding the time limits and other provisions for termination under
23 sub. (7), a donor tax incremental district under sub. (6) (d), (dm), (e), and (f) may
24 continue to share tax increments with a distressed district until the earlier of the
25 following occurs:

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1 a. The distressed district terminates under sub. (7) (a), (au), or (b).

2 b. Following its creation, the donor district has existed for 40 years.

3 (e) A distressed tax incremental district may not do any of the following:

4 1. Amend its project plan to add any new project costs.

5 2. Become part of a district with overlapping boundaries under sub. (10).

6 3. Expend any funds outside of the tax incremental district's boundaries.

7 4. Add any territory to the district under sub. (4) (h) 2.

8 5. Become a donor district under sub. (6) (d), (dm), (e), or (f).

9 6. Make any expenditures after its expenditure period, as determined before
10 its designation as a distressed district expires.

11 (f) If the joint review board approves a designation under par. (b) 3., the
12 department of revenue shall certify the district as a distressed tax incremental
13 district and shall send a copy of the certification to the city and to all overlying
14 taxation jurisdictions. The department may impose a fee of \$500 on a city for each
15 district in the city that is so designated, for the additional costs incurred by the
16 department in administering such a district.

17 **SECTION 3.** 66.1105 (6) (f) 2. c. of the statutes is created to read:

18 66.1105 (6) (f) 2. c. The recipient district is a mixed-use or industrial-use
19 district that has been designated as a distressed district under sub. (4e).

20 **SECTION 4.** 66.1105 (7) (au) of the statutes is created to read:

21 66.1105 (7) (au) With regard to a distressed tax incremental district under sub.
22 (4e), the time period specified in sub. (4e) (d) 2.

23 **SECTION 5. Effective date.**

24 (1) This act takes effect on October 1, 2009.

25 (END)

Duerst, Christina

From: Kulig, Steven
Sent: Monday, September 14, 2009 9:07 AM
To: LRB.Legal
Subject: Bill Jacket Rush

Could you rush a jacket for LRB 2026/5?

Thanks,

Steven Kulig
Office of State Senator Jim Sullivan
State Capitol Room 15 South
PO Box 7882
Madison, WI 53707-7882
608-266-2512